

**MINUTES of the
DELAWARE ECONOMIC & FINANCIAL ADVISORY COUNCIL**

Buena Vista – June 19, 2017

Attendance:

Member	Present
N. Batta	Yes
C. Bo	Yes
J. Bullock	Yes
L. Davis Burnham	Yes
R. Byrd	Yes
C. Cade	No
J. Casey	Yes
J. Cohan	No
N. Cook	Yes
F. Dixon	Yes
B. Fasy	Yes
R. Geisenberger	Yes
R. Glen	Yes
G. Hindes	Yes
J. Horthy	Yes
M. Houghton	Yes

Member	Present
M. Jackson	Yes
J. J. Johnson	Yes
K. Lewis	Yes
A. Lubin	Yes
G. Marcozzi	Yes
I. McConnel	No
C. Morgan	Yes
M. Morton	Yes
J. Polidori	Yes
E. Ratledge	Yes
T. Shopa	Yes
D. Short	Yes
K. Simpler	Yes
G. Simpson	Yes
D. Swayze	Yes

Members in Attendance: 28

Members Absent: 3

Others Present: A. Aka, J. Cole, R. Goldsmith, K. Grant, D. Gregor, E. Innes, A. Jenkins, J. Johnstone, K. Knight, M. Marlin, K. Miller, B. Motyl, J. Nauman, B. Osborne, A. Penney, L. Thornton and members of the press.

Opening Business: Mr. Houghton called the meeting to order at 1:30 p.m.

The minutes from the May meeting were approved as submitted.

Expenditure Forecasts:

Mr. Ratledge and Mr. Jackson presented the General Fund Expenditure forecasts.

Mr. Ratledge reviewed the Balance Sheet estimate and noted total FY 2017 appropriation of \$4,324.3 million. He indicated an increase in both the Reversions (+\$2.0 million) and Encumbered (+\$0.8 million) estimates as well as a decrease in the Continuing estimate (- \$11.6 million).

Mr. Jackson reviewed both the Balance Sheet and the Functional methods. He said that Personnel Cost (+\$4.7 million) accounted for the largest portion of the monthly increase in the June expenditure estimate. Mr. Jackson also mentioned that the Medicaid estimate has been left unchanged from May, as he expected the Federal government to pay its share of Medicaid expenses (i.e., almost \$14 million) before the end of the fiscal year. Mr. Jackson finally linked the increase in the Reversion estimate and the decrease in the Continuing estimate to further sweeps of Special Funds by his office (the Office of Management and Budget). He added that some of the deposits were spent this year.

Mr. Jackson attributed the \$55.5 million jump in the Medicaid estimate in FY 2017 to a combination of both higher volume and inflationary cost associated with prescription drugs. He said that the number of individuals eligible for Medicaid reached 230,977 in May, and that the newly eligible figure stood at 11,854. In response to a question from Mr. Ratledge, Mr. Jackson said that growth in the Health Care estimate was consistent with the target growth of 6.5% set by the State Employee Benefits Committee (SEBC). (See Table 1a, Table 1b and Table 1c for complete details).

A motion was made, seconded and approved to accept \$4,103.4 million as the Expenditure estimate for FY 2017. The estimate represents an increase of \$8.8 million from the May estimate.

Revenue Forecasts:

Mr. Lewis, Mr. Glen, Mr. Gregor, Mr. Johnstone, Mr. Knight, and Mr. Simpler presented the General Fund Revenue forecasts.

Economic Outlook

Mr. Aka presented economic forecasts for the U.S. (produced by IHS) and Delaware (developed by the Department of Finance). He mentioned that the outlook for the national economy was little changed from March and that all forecast changes can be traced to either historical data revisions or changes in the IHS forecasting methodology. Mr. Aka pointed out that both Moody's and IHS forecasts were above the consensus expectations, and that Delaware's employment forecast has benefitted from new (Q4-2016) data from

the State's Department of Labor.

Mr. Ratledge asks about the source of additional output in the presence of low unemployment rate and slowly expanding labor force. Mr. Harty provided technology as a source for the extra output.

In light of high uncertainty surrounding fiscal policy, Mr. Dixon said it may be wise for economists to assume no fiscal policy changes when making forecasts about the national economy. He mentioned that the IHS fiscal policy assumptions were adding 0.4 percentage points to the firm's GDP growth forecast in 2018 and 2019. As a result, assuming no fiscal policy changes would have brought near-term economic growth rates back to 2%. Mr. Dixon noted that the IHS monetary assumptions were reasonable, but added that the Federal Reserve would be constricted in hiking interest rates if inflation continued to ease and the yield curve continued to flatten.

Responding to Mr. Simpler, Mr. Dixon said almost all the acceleration in the IHS GDP growth forecast was due to policy assumptions but it was safe to assume that the employment forecast was fine. Responding to Mr. Houghton, Mr. Dixon noted that Delaware's revenues may not see significant changes whether the economy ends up growing by 2.2% or 2.6% in 2018. He pointed out that significant changes would occur when the economy crawls to a halt or enter a contraction. Mr. Simpler indicated that there is no sensitivity analysis of Delaware's revenues with respect to changes in GDP.

Mr. Polidori asked about the large gap in Wages and Salaries growth between the U.S. and Delaware, and the differences between the structure of the State's economy and the region. He mentioned that we should be concerned about the discrepancy in Wages and Salaries overtime. Mr. Aka said the IHS U.S. Wages and Salaries forecast is usually very aggressive at the beginning of the fiscal year and tends to converge to Delaware's forecast over the course of the year. Mr. Ratledge noted that unlike many other states Delaware is overly concentrated in the financial sector. He added that many high-paying jobs such as construction have not fully recovered from the last recession, which can have an impact on Withholding. Mr. Morgan added structural issues have led to the loss of high-paying manufacturing jobs. Mr. Ratledge pointed out that Baby Boomers are rapidly leaving the labor force and are not easily replaceable, which will also affect the income structure.

Mr. Batta asked about the change in retail positions over the past 5-6 years and added that a peak in the sector would be cause for concern. Mr. Houghton invited members of the Committee to email him specific topics they would like considered by the staff at the Department of Finance.

General Fund Revenues - Fiscal Year 2017:

The Revenue Subcommittee recommended the following updates to May's estimates:

Revenue Category	May-17	Jun-17	Change
Abandoned Property Refunds	(115.0)	(105.0)	10.0
Abandoned Property	554.0	545.0	(9.0)
PIT Refunds	(208.0)	(217.0)	(9.0)
Limited Partnerships & LLC's	277.2	283.3	6.1
Realty Transfer Tax	92.0	96.4	4.4
Corporation Income Tax	152.0	156.0	4.0
Bank Franchise Tax	85.0	88.4	3.4
Corporate Fees	106.9	109.1	2.2
CIT Refunds	(55.0)	(57.0)	(2.0)
Franchise Tax Refunds	(10.0)	(12.0)	(2.0)
Other Revenues	123.4	125.2	1.8
Other Refunds	(20.9)	(22.6)	(1.7)
Insurance Taxes	51.4	53.0	1.6
Cigarette Taxes	108.4	109.5	1.1
Personal Income Tax	1,538.4	1,539.4	1.0
Gross Receipts Tax	241.0	241.5	0.5
Dividends and Interest	3.5	3.6	0.1

For a complete listing of FY 2017 estimates, see Table 2.

Discussion of FY 2017 Estimates:

PIT Less Refunds: Mr. Johnstone noted a decrease in the estimate by \$8.0 million. With regard to Withholding, Mr. Johnstone mentioned the 27th payment at the end of last June which tends to inflate tracking. He attributed the \$4.0 million increase in the estimate to buoyancy of the stock market and stock option payments. With respect to Estimated payments, Mr. Johnstone said they were being processed at the time of the meeting. He attributed the \$2.0 million increase in the revenue category to higher actual collections from large S-Corporations. Turning his attention to Final payments, Mr. Johnstone attributed the decline (-\$4.0 million) to tracking, and said that growth in Final was consistent to national trend. Finally, Mr. Johnstone mentions the strong rebound in Refunds since April. Overall the Refund estimate was raised by \$9.0 million.

Mr. Houghton noted that DEFAC meetings were not in line with revenue collection dates. He said that perhaps it will be helpful to have some meetings scheduled at different dates to provide enough time for the collection and analysis of meaningful information and data.

Net Franchise + LP/LLC: Mr. Knight noted an increase in the estimate by \$4.1 million. He mentions no change in the Corporate Franchise Tax estimate. Mr. Knight indicated an increase in the LP/LLC estimate by \$6.1 million, following a

decrease in the previous month, owing to higher collections (96% this June as opposed to 94% in the past). Mr. Knight also noted an increase in Refunds by \$2.0 million based on actual refunds to be processed before June 30th. Finally, Mr. Knight recommended an increase in the Business Entity Fees estimate by \$2.2 million, as a result of a larger-than-expected increase in business activity that was sustained throughout the year.

In answer to a question from Mr. Houghton, Mr. Knight said that, though strong, the year-over-year growth in total formation has eased this year.

Net Corporate Income Tax (CIT): Mr. Johnstone noted an increase in the estimate by \$4.0 million. He indicated that quarterly tentative payments, which are still being processed, seem to have rebounded this June from a dismal June last year. Mr. Johnstone also said that the ongoing fiscal year will include the first two quarterly payments for the Delaware Competes Act. However, he added that thus far firms do not seem to have adjusted their tentative payments as a result of the Act. On the other hand, Mr. Johnstone attributed the robust CIT Refunds estimate to a large refund that is expected to be out by the end of the fiscal year.

Bank Franchise Tax: The Bank Franchise Tax estimate has been increased by \$3.4 million. Mr. Glen said the increase was due to higher-than-expected estimated payments by smaller taxpayers and a larger, 80% payment by a larger payer that is not planning on making a September payment.

Gross Receipts Tax (GRT): Mr. Johnstone reported a rise in the estimate by \$0.5 million on the back of tracking change. He reminded the Committee of a large audit made in June 2016.

Ms. Davis Burnham asks whether the year-to-date increase in oil prices have helped the revenue category. Mr. Johnstone said that oil prices over the past 6 to 9 months have benefitted Gross Receipts collections. Mr. Houghton asked if there is a regular stream of audits in the queue. Mr. Johnstone answered that audits have been historically lower. He noted that the good work of some contractors have led to higher audits in recent years.

Lottery: The estimate for Lottery is unchanged at \$203 million from May. Mr. Johnstone mentioned that tracking has led to some adjustments for Traditional and Video/Sports/Table sub-categories.

Abandoned Property Less Refunds: Mr. Gregor noted a small increase (+\$1.0 million) in the estimate for FY 2017. The gross General Fund estimate has been reduced by \$9.0 million, a reflection of better due diligence effort. Meanwhile Escheat refunds have been reduced by \$10.0 million on the back of processing slowdowns (due to staffing reduction) and an aggressive forecast in May.

Dividends and Interest: Mr. Simpler noted a small increase (+\$0.1 million) in the estimate.

Realty Transfer Tax (RTT): Based on county data received by the Department of Finance, RTT collections are expected at \$96.4 million for FY 2017. Mr. Aka explained that the figure is not an estimate, with all three counties reporting strong increases in collections in May.

In response to a question from Mr. Houghton, Mr. Batta reported strong commercial activities in mainly New Castle and Sussex counties.

Other Revenues: Mr. Johnstone noted an increase in the estimate by \$1.8 million, with the Other Insurance category rising by \$2.4 million.

Mr. Geisenberger noted that revenue groups that proved responsive to the economy included PIT, GRT, RTT and LLC/LP. Most other categories—representing 30% to 40% of the State's revenue portfolio—did not respond to the economy.

Other changes were attributed to tracking.

FY 2017 Estimate Adopted:

A motion was made, seconded and approved to accept \$3,958.7 million as the revenue estimate for FY 2017. The estimate represents an increase of \$12.5 million from DEFAC's May estimate.

General Fund Revenues - Fiscal Year 2018:

The Revenue Subcommittee recommended the following updates to May's estimates:

Revenue Category	May-17	Jun-17	Change
PIT Refunds	(218.0)	(227.4)	(9.4)
CIT Refunds	(43.5)	(38.0)	5.5
Abandoned Property Refunds	(135.0)	(130.0)	5.0
Realty Transfer Tax	81.1	85.8	4.7
Corporation Income Tax	142.2	146.4	4.2
Corporate Fees	109.1	111.1	2.0
Cigarette Taxes	106.8	108.4	1.6
Personal Income Tax	1,599.8	1,600.8	1.0
Other Refunds	(17.8)	(18.8)	(1.0)
Insurance Taxes	52.0	52.8	0.8
Limited Partnerships & LLC's	291.9	291.1	(0.8)
Other Revenues	109.3	108.6	(0.7)
Public Utility Tax	39.6	39.0	(0.6)
Gross Receipts Tax	247.0	247.5	0.5
Lottery	203.2	203.7	0.5
Bank Franchise Tax	87.8	88.0	0.2

For a complete listing of FY 2018 estimates, see Table 2.

Discussion of FY 2018 Estimates:

Net Corporate Income Tax (CIT): Mr. Johnstone indicated that the CIT Refund estimate has been reduced but remained higher than normal, as the Department of Finance did not yet know whether a large taxpayer will ask for a refund or continue to roll their over-payments into future years. Absent large refunds the Refund estimate will typically range from \$25 million to \$30 million.

Bank Franchise Tax: Mr. Glen indicated a lower growth estimate (-0.5%) in June than in May (+3.3%) as a result of the June tentative payments.

Public Utility Tax (PUT): Mr. Johnstone noted that adjusted growth rates were pulled down to flat to reflect structural changes occurring in the sector (e.g., increase in prepaid phones that are not taxed under the current PUT environment).

Cigarette Tax: Mr. Johnstone noted a return of growth to the national trend after August, the month when Pennsylvania raised its excise tax on the sale or possession of cigarettes.

Mr. Lewis reported that all other changes reflected the carrying forward of changes made in FY 2017 and maintaining previous growth rates.

FY 2018 Estimate Adopted:

A motion was made, seconded and approved to accept \$3,997.4 million as the revenue estimate for FY 2018. The estimate represents an increase of \$13.5 million from the May estimate.

Balance and Appropriations Worksheet: Mr. Johnstone presented the Balance and Appropriations worksheet. The result of this exercise is attached as Table 3.

Transportation Trust Fund (TTF)

TTF -- Expenditures: Mr. Motyl presented the Transportation Trust Fund's expenditure forecast.

State Operations Expenditure: Decreased from \$336.5 million in May to \$331.5 million, owing to a drop in the Capital Outlay expenditure category.

State Capital Expenditure: There was no change from the May estimate of \$234.3 million. Mr. Motyl said the category was performing as planned.

Federal Capital Expenditure: Decreased from \$254.8 million in May to \$229.8 million. Mr. Motyl attributed the large change to delays due to the weather, which have pushed projects into the following fiscal year.

In response to a question from Mr. Houghton, Mr. Motyl said that the projects are still moving forward, that the project list is unchanged but some projects have been pushed into next year.

Mr. Ratledge pointed that FY 2017 Appropriation for the expenditure category was \$309.8 million. Mr. Motyl explained that the Capital Transportation Program (CTP) is sometime intentionally over-programmed to ensure that the expenditure forecast is met. Mr. Houghton asked for clarification. Mr. Motyl said that Project Managers are given more authorization to do projects, so delays—which will invariably occurred—will not hurt expenditures. Mr. Houghton asked if there are more delays this year than in the past. Mr. Motyl answered that there have been lots of delays historically in the Federal program. He added he was comfortable with the current expenditure forecast.

Ms. Davis Burnham mentioned the lack of resources (labor) to do the work associated the projects in past years, and asked whether such issue was an impediment this year. Mr. Motyl answered that the issue was not very significant this year.

U.S. 301 Capital Expenditure: There was no change from the May estimate of \$134.1 million. Mr. Motyl said the category was tracking well.

A motion was made, seconded, and approved to accept \$929.7 million as the FY 2017 TTF expenditure estimate. The estimate represents a decrease of \$30.0 million from the May estimate. (See Table 4.)

TTF -- Revenues: Mr. Motyl presented the Transportation Trust Fund's revenue forecast.

The following changes were made from the May estimates.

FY 2017 Estimates:

Toll Road Revenues: There was no change from the May estimate of \$194.9 million.

Motor Fuel Tax Administration: Increased from \$126.5 million in May to \$129.0 million. Mr. Motyl said fiscal year collections through March were running ahead of forecast. This was followed by a poor performance in April and a very strong May. Mr. Motyl also mentioned that the June collections consisted of the prior month's consumption and an estimated payment for June's consumption.

Division of Motor Vehicles: There was no change from the May estimate of \$212.0 million.

Other Transportation Revenues: Increased from \$14.2 million in May to \$14.6 million. Mr. Motyl attributed the increase to slightly better investment returns.

A motion was made, seconded, and approved to accept \$550.5 million as the FY 2017 TTF revenue estimate. The estimate represents an increase of \$2.9 million from the May estimate.

FY 2018 Estimates:

The following changes were made from the May estimates.

Toll Road Revenues: There was no change from the May estimate of \$198.6 million.

Motor Fuel Tax Administration: Increased from \$125.5 million in May to \$128.0 million.

Division of Motor Vehicles: There was no change from the May estimate of \$216.6 million.

Other Transportation Revenues: There was no change from the May estimate of \$14.3 million.

A motion was made, seconded, and approved to accept \$557.5 million as the FY 2018 TTF revenue estimate. The estimate represents an increase of \$2.5 million from the May estimate. (See Table 5.)

Other Business:

FY 2018 Debt Limit: Mr. Johnstone presented the debt limit for FY 2018. This amount is equal to 5% of projected FY 2018 revenues or \$199.870 million.

Mr. Houghton said he has reached out to most Committee members and hoped to talk to all members by August, either in person or by phone. He thanked everyone for their patience and their help.

Mr. Houghton announced the next scheduled DEFAC meeting dates:

- September 18, 2017
- December 18, 2017

There being no further business, Mr. Houghton adjourned the meeting at 2:52 p.m.

Respectfully submitted,

Arsene Aka

Table 1a.

DEFAC Expenditures Forecast for General Fund Disbursements FY2017 (\$ in millions)														
June 2017 (as of 05/31/17) DRAFT														
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016							FY2017
	Actual	Actual	Actual	Actual	Actual	Actual	Actual							Appropriation
Budget Act	3,091.5	3,305.3	3,508.6	3,586.8	3,718.2	3,809.5	3,908.5							4,084.1
Cash to Bond Bill	0.0	91.0	115.3	53.4	60.9	23.8	0.0							12.6
Grant-in-Aid	35.4	35.2	41.2	44.2	44.8	45.4	43.0							45.9
Continuing & Encumbered (from prior years)	183.7	184.9	303.7	301.1	276.4	194.8	201.3							181.5
Supplementals	0.0	0.0	0.0	0.0	0.0	0.0	0.0							0.2

Recommended by Expenditures Subcommittee;
June 19, 2017

Table 1b.

DEFAC Expenditures Forecast for General Fund Disbursements FY2017 (\$ in millions)																						
June 2017 (as of 05/31/17) DRAFT																						
	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Sep	FY2017 Dec	FY2017 Mar	FY2017 Apr	FY2017 May	FY2017 June	Difference 17 vs. '16	% change 17 vs. '16	Annual Avg. 17 vs. 12	FY2017 YTD (actual 05/31/17)	% spent FY2017 YTD	% of forecast FY2017 total	% of FY2016 total	% of FY2015 total	% of FY2014 total	% of FY2013 total	% of FY2012 total
Salaries	1,277.4	1,285.6	1,306.8	1,336.5	1,361.8	1,394.3	1,394.3	1,394.3	1,394.3	1,396.3	1,401.0	39.2	2.9%	1.86%	1,304.2	34.1%	34.1%	34.8%	34.9%	34.4%	35.1%	35.6%
Fringe Benefits	379.5	379.0	396.0	403.0	453.7	478.3	478.3	478.3	478.3	480.0	481.0	27.3	6.0%	4.85%	442.5	11.6%	11.7%	11.6%	10.5%	10.4%	10.4%	10.8%
Health Care	280.6	261.7	279.1	283.1	334.1	356.9	356.9	356.9	356.9	358.1	359.0	24.9	7.5%	6.62%	329.5	8.6%	8.7%	8.5%	7.4%	7.4%	7.2%	10.8%
Other	118.9	117.3	116.9	119.9	119.6	121.4	121.4	121.4	121.4	121.9	122.0	2.4	2.0%	0.52%	113.0	3.0%	3.0%	3.1%	3.1%	3.1%	3.2%	3.3%
Pension	252.9	271.9	285.8	287.0	297.3	320.4	320.4	320.4	320.4	319.3	319.0	21.7	7.3%	4.75%	296.5	7.8%	7.8%	7.6%	7.5%	7.5%	7.4%	7.0%
Contribution	124.9	141.0	143.0	147.7	150.6	153.7	153.7	153.7	153.7	153.7	153.7	3.1	2.1%	4.24%	142.9	3.7%	3.7%	3.8%	3.8%	3.8%	3.9%	3.5%
Health Care	109.1	108.5	110.0	103.8	105.0	131.3	131.3	131.3	131.3	131.3	131.3	26.3	25.0%	3.77%	122.0	3.2%	3.2%	2.7%	3.2%	2.9%	3.0%	3.0%
Other	18.9	22.4	32.8	35.5	41.7	35.4	35.4	35.4	35.4	34.3	34.0	(7.7)	-18.5%	12.46%	31.6	0.8%	0.8%	1.1%	0.9%	0.9%	0.6%	0.5%
Debt Service	144.4	144.8	158.0	163.9	169.4	179.3	179.3	179.0	179.0	179.0	179.0	9.6	5.7%	4.39%	178.3	4.7%	4.4%	4.3%	4.3%	4.2%	4.0%	4.0%
Grants	364.0	372.8	379.6	377.9	348.6	355.5	355.5	355.5	355.5	358.0	360.0	10.4	3.0%	-0.22%	338.4	8.9%	8.8%	8.9%	9.9%	10.0%	10.2%	10.1%
Medicaid	637.3	637.0	661.8	668.0	689.1	744.6	744.6	744.6	744.6	744.6	744.6	55.5	8.1%	3.16%	697.7	18.3%	18.1%	17.6%	17.4%	17.4%	17.4%	17.7%
Contractual Services	455.1	484.0	517.3	511.9	513.6	535.8	535.8	535.8	533.9	533.9	534.0	20.4	4.0%	3.25%	484.8	12.7%	13.0%	13.1%	13.4%	13.6%	13.2%	12.7%
Supplies & Materials	65.5	63.7	69.9	68.0	66.9	67.4	67.4	67.4	67.4	69.4	69.8	2.9	4.3%	1.28%	64.3	1.7%	1.7%	1.7%	1.8%	1.8%	1.8%	1.8%
Capital Outlay	16.3	19.6	18.8	14.4	12.3	14.1	14.1	14.1	14.1	14.1	15.0	2.7	22.0%	-1.65%	13.2	0.3%	0.4%	0.3%	0.4%	0.5%	0.5%	0.5%
FY Budgetary Expenditures	3,592.5	3,658.5	3,794.0	3,832.6	3,913.7	4,089.7	4,089.7	4,089.4	4,087.5	4,094.6	4,103.4	189.7	4.8%	2.70%	3819.9	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Comments:																						

Table 1c.

DEFAC Expenditures Forecast for General Fund Disbursements FY2017-2021 (\$ in millions)											
June 2017 (as of 05/31/17) DRAFT											
	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 June	FY2018 May	FY2019 May	FY2020 May	FY2021 May	
Salaries	1,277.4	1,285.6	1,306.8	1,338.5	1,361.8	1,401.0	1,427.1	1,453.7	1,480.8	1,508.4	
Fringe Benefits	379.5	379.0	396.0	403.0	453.7	481.0	505.4	531.3	559.0	588.4	
Health Care	260.6	261.7	279.1	283.1	334.1	359.0	382.8	408.1	435.1	463.9	
Other	118.9	117.3	116.9	119.9	119.6	122.0	122.6	123.3	123.9	124.5	
Pension	252.9	271.9	285.8	287.0	297.3	319.0	334.7	351.4	369.2	388.1	
Contribution	124.9	141.0	143.0	147.7	150.6	153.7	160.2	167.0	174.1	181.5	
Health Care	109.1	108.5	110.0	103.8	105.0	131.3	136.3	141.4	146.7	152.3	
Other	18.9	22.4	32.8	35.5	41.7	34.0	38.2	43.0	48.4	54.4	
Debt Service	144.4	144.8	158.0	163.9	169.4	179.0	186.9	195.1	203.6	212.6	
Grants	364.0	372.8	379.6	377.9	349.6	360.0	359.2	358.4	357.6	356.8	
Medicaid	637.3	637.0	661.8	668.0	689.1	744.6	768.1	792.4	817.5	843.3	
Contractual Services	455.1	484.0	517.3	511.9	513.6	534.0	551.4	569.3	587.8	606.9	
Supplies & Materials	65.5	63.7	69.9	68.0	66.9	69.8	70.7	71.6	72.5	73.4	
Capital Outlay	16.3	19.6	18.8	14.4	12.3	15.0	14.8	14.5	14.3	14.0	
FY Budgetary Expenditures	3,592.5	3,658.5	3,794.0	3,832.6	3,913.7	4,103.4	4,218.2	4,337.7	4,462.2	4,592.0	
Comments:											
Forecast is based on the annual average growth rate for each category FY2012-FY2017(June Estimate).											

Table 2. DEFAC General Fund Revenue Worksheet

June-17 DEFAC Meeting		FY 2016		FY 2017				FY 2018				
Revenue Category		A Actual Collections	B DEFAC May-17	C % B over A	D DEFAC Jun-17	E % D over A	F \$ Increase D over B	G DEFAC May-17	H % G over B	I DEFAC Jun-17	J % I over D	K \$ Increase I over G
Personal Income Tax		1,496.9	1,538.4	2.8%	1,539.4	2.8%	1.0	1,599.8	4.0%	1,600.8	4.0%	1.0
Less: Refunds		(210.3)	(208.0)	-1.1%	(217.0)	3.2%	(9.0)	(218.0)	4.8%	(227.4)	4.8%	(9.4)
PIT Less Refunds		1,286.6	1,330.4	3.4%	1,322.4	2.8%	(8.0)	1,381.8	3.9%	1,373.4	3.9%	(8.4)
Franchise Tax		707.7	712.6	0.7%	712.6	0.7%	0.0	716.2	0.5%	716.2	0.5%	0.0
Limited Partnerships & LLC's		268.8	277.2	3.1%	283.3	5.4%	6.1	291.9	5.3%	291.1	2.8%	(0.8)
Subtotal Franchise + LP/LLC		976.5	989.8	1.4%	995.9	2.0%	6.1	1,008.1	1.8%	1,007.3	1.1%	(0.8)
Less: Refunds		(13.5)	(10.0)	-25.9%	(12.0)	-11.1%	(2.0)	(10.0)	0.0%	(10.0)	-16.7%	0.0
Net Franchise + LP/LLC		963.0	979.8	1.7%	983.9	2.2%	4.1	998.1	1.9%	997.3	1.4%	(0.8)
Business Entity Fees		104.8	106.9	2.0%	109.1	4.1%	2.2	109.1	2.1%	111.1	1.8%	2.0
Uniform Commercial Code		19.3	19.3	0.1%	19.3	0.1%	0.0	19.3	0.0%	19.3	0.0%	0.0
Corporation Income Tax		224.6	152.0	-32.3%	156.0	-30.5%	4.0	142.2	-6.4%	146.4	-6.2%	4.2
Less: Refunds		(81.4)	(55.0)	-32.4%	(57.0)	-29.9%	(2.0)	(43.5)	-20.9%	(38.0)	-33.3%	5.5
CIT Less Refunds		143.3	97.0	-32.3%	99.0	-30.9%	2.0	98.7	1.8%	108.4	9.5%	9.7
Bank Franchise Tax		92.5	85.0	-8.1%	88.4	-4.4%	3.4	87.8	3.3%	88.0	-0.5%	0.2
Gross Receipts Tax		234.1	241.0	3.0%	241.5	3.2%	0.5	247.0	2.5%	247.5	2.5%	0.5
Lottery		211.0	203.0	-3.8%	203.0	-3.8%	0.0	203.2	0.1%	203.7	0.3%	0.5
Abandoned Property		528.3	554.0	4.9%	545.0	3.2%	(9.0)	554.0	0.0%	554.0	1.7%	0.0
Less: Refunds		(78.0)	(115.0)	47.5%	(105.0)	34.6%	10.0	(135.0)	17.4%	(130.0)	23.8%	5.0
Abandoned Prop Less Refunds		450.3	439.0	-2.5%	440.0	-2.3%	1.0	419.0	-4.6%	424.0	-3.6%	5.0
Hospital Board and Treatment		48.4	43.0	-11.1%	43.0	-11.1%	0.0	43.9	2.1%	43.9	2.1%	0.0
Dividends and Interest		3.1	3.5	12.3%	3.6	15.5%	0.1	5.0	42.9%	5.0	38.9%	0.0
Realty Transfer Tax		89.5	92.0	2.8%	96.4	7.7%	4.4	81.1	-11.8%	85.8	-11.0%	4.7
Insurance Taxes		53.7	51.4	-4.3%	53.0	-1.3%	1.6	52.0	1.2%	52.8	-0.4%	0.8
Public Utility Tax		45.0	44.0	-2.1%	44.0	-2.1%	0.0	39.6	-10.0%	39.0	-11.4%	(0.6)
Cigarette Taxes		111.8	108.4	-3.0%	109.5	-2.0%	1.1	106.8	-1.5%	108.4	-1.0%	1.6
Other Revenues		93.2	123.4	32.4%	125.2	34.3%	1.8	109.3	-11.4%	108.6	-13.3%	(0.7)
Less: Other Refunds		(14.0)	(20.9)	49.2%	(22.6)	61.3%	(1.7)	(17.8)	-14.8%	(18.8)	-16.8%	(1.0)
Net Receipts		3,935.4	3,946.2	0.3%	3,958.7	0.6%	12.5	3,983.9	1.0%	3,997.4	1.0%	13.5

Table 2. DEFAC General Fund Revenue Worksheet

Revenue Category	FY 2019				
	L DEFAC May-17	M % L over G	N DEFAC Jun-17	O % N over I	P \$ Increase N over L
June-17 DEFAC Meeting					
Personal Income Tax	1,679.9	5.0%	1,680.9	5.0%	1.0
Less: Refunds	(228.9)	5.0%	(238.8)	5.0%	(9.9)
PIT Less Refunds	1,451.0	5.0%	1,442.1	5.0%	(8.9)
Franchise Tax	719.7	0.5%	719.7	0.5%	0.0
Limited Partnerships & LLC's	302.7	3.7%	302.7	4.0%	0.0
Subtotal Franchise + LP/LLC	1,022.4	1.4%	1,022.4	1.5%	0.0
Less: Refunds	(10.0)	0.0%	(10.0)	0.0%	0.0
Net Franchise + LP/LLC	1,012.4	1.4%	1,012.4	1.5%	0.0
Business Entity Fees	111.4	2.1%	113.4	2.1%	2.0
Uniform Commercial Code	19.3	0.0%	19.3	0.0%	0.0
Corporation Income Tax	140.0	-1.5%	140.0	-4.4%	0.0
Less: Refunds	(45.7)	5.1%	(39.9)	5.0%	5.8
CIT Less Refunds	94.3	-4.5%	100.1	-7.7%	5.8
Bank Franchise Tax	89.5	1.9%	92.4	5.0%	2.9
Gross Receipts Tax	259.3	5.0%	259.9	5.0%	0.6
Lottery	204.5	0.6%	205.0	0.6%	0.5
Abandoned Property	460.0	-17.0%	460.0	-17.0%	0.0
Less: Refunds	(135.0)	0.0%	(135.0)	3.8%	0.0
Abandoned Prop Less Refunds	325.0	-22.4%	325.0	-23.3%	0.0
Hospital Board and Treatment	44.2	0.7%	44.2	0.7%	0.0
Dividends and Interest	12.1	142.0%	12.1	142.0%	0.0
Realty Transfer Tax	85.1	4.9%	90.0	4.9%	4.9
Insurance Taxes	53.3	2.5%	53.3	0.9%	0.0
Public Utility Tax	40.1	1.3%	39.0	0.0%	(1.1)
Cigarette Taxes	105.2	-1.5%	107.3	-1.0%	2.1
Other Revenues	117.1	7.1%	117.4	8.1%	0.3
Less: Other Refunds	(17.8)	0.0%	(18.8)	0.0%	(1.0)
Net Receipts	4,006.0	0.6%	4,014.1	0.4%	8.1

Table 3. Balance and Appropriations Worksheet

FY 2017 EXPENDITURES		FY 2017 BALANCES		FY 2018 APPROPRIATION LIMITS	
Total Spending Authority	\$4,324.3	Total Expenditures	\$4,103.4	FY 2018 Revenue Estimate	\$3,937.4
Less: Continuing Appropriations & Encumbrances from FY 2017	(\$181.9)	vs. FY 2017 Revenues	3,958.7	Unencumbered Cash Balance from FY 17	\$20.3
Less: Reversions	<u>(\$39.0)</u>	Operating Balance	(144.7)	100% Appropriation Limit	\$4,017.7
Total Expenditures	\$4,103.4	Prior Year Cash Balance	<u>\$568.0</u>	98% Appropriation Limit	<u>\$3,937.3</u>
		Cumulative Cash Balance	423.3	Prior 98% Appropriation Limit	\$3,909.9
		Less: Continuing Appropriations & Encumbrances from FY 2017	(181.9)	Increase (Decrease) from Prior Meeting	\$27.4
		Less: Budgetary Reserve Account	<u>(\$221.1)</u>	Sept. 2016 98% Appropriation Limit	\$3,975.4
		Unencumbered Cash Balance 6/30	<u>\$20.3</u>	Increase (Decrease) from September 2016	(\$38.1)

Table 5.

DELAWARE DEPARTMENT OF TRANSPORTATION Transportation Trust Fund Revenues									
	FY15	FY16	% Chg.	Fiscal 2017			Fiscal 2018		
				5/15/2017 Approved	6/19/2017 Recomm	% Chg. FY 16	5/15/2017 Approved	6/19/2017 Recomm	% Chg. FY 17
<u>TOLL ROAD REVENUES:</u>									
195 Newark Plaza	\$117.8	\$129.9	10.3%	\$130.8	\$130.8	0.7%	\$132.9	\$132.9	1.6%
Route 1 Toll Road	55.8	59.8	2.9%	\$61.3	\$61.3	2.5%	\$62.8	\$62.8	2.4%
Concessions	<u>2.6</u>	<u>2.6</u>	<u>4.5%</u>	<u>\$2.8</u>	<u>\$2.8</u>	<u>0.0%</u>	<u>\$2.9</u>	<u>\$2.9</u>	<u>0.0%</u>
Total Toll Road Revenues	176.2	192.3	9.1%	\$194.9	\$194.9	1.4%	\$198.6	\$198.6	1.9%
MOTOR FUEL TAX ADMIN.	119.7	126.5	5.7%	\$126.5	\$129.0	2.0%	\$125.5	\$128.0	(0.8%)
<u>DIVISION OF MOTOR VEHICLES</u>									
Motor Vehicle Document Fees	94.0	107.7	14.6%	\$115.8	\$115.8	7.5%	\$117.5	\$117.5	1.5%
Motor Vehicle Registration Fees	51.2	52.4	3.0%	\$55.2	\$55.2	5.3%	\$56.9	\$56.9	3.1%
Other DMV Revenues	<u>25.8</u>	<u>38.0</u>	<u>6.6%</u>	<u>\$41.0</u>	<u>\$41.0</u>	<u>7.8%</u>	<u>\$42.2</u>	<u>\$42.2</u>	<u>3.0%</u>
Total DMV Revenues	171.0	198.1	15.8%	\$212.0	\$212.0	7.0%	\$216.6	\$216.7	2.2%
<u>OTHER TRANSPORTATION REV.</u>									
Other Transportation Rev	10.1	11.5	-1.6%	\$11.2	\$11.2	-2.3%	\$11.3	\$11.3	0.9%
Investment Income(Net)	<u>1.9</u>	<u>5.0</u>	<u>16.4%</u>	<u>\$3.0</u>	<u>\$3.4</u>	<u>-32.5%</u>	<u>\$3.0</u>	<u>\$3.0</u>	<u>-11.8%</u>
Total Other Transp. Revenue	12.0	16.5	37.5%	\$14.2	\$14.6	-11.5%	\$14.3	\$14.3	-2.1%
GRAND TOTAL	\$478.9	\$533.4	11.4%	\$547.6	\$550.5	3.2%	\$555.0	\$557.5	1.3%
					\$2.9			\$2.5	